

Message Text

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DEPARTMENT PASS MARITIME ADMINISTRATION

E.O. 11652: N/A
TAGS : EWWT BR
SUBJECT : SEA-LAND'S PLANS TO INITIATE US/BRAZIL SERVICE
(MARITIME AFFAIRS)

1. ON THE AFTERNOON OF JANUARY 23, 1978, MARATT AND EMBASSY
ECON/COMM OFFICER VISITED COMANDANTE JOSE CARLOS FRANCO DE
ABREU, PRESIDENT OF COMISSAO DO TRANSPORTE INTERMODAL (CIDETI),
AN INTERMINISTERIAL GROUP COMPOSED OF VOTER REPRESENTATION OF
THE MINISTRIES OF TRANSPORT, TREASURY, NAVY AND INDUSTRY
AND COMMERCE, AS WELL AS THE PLANNING SECRETARIAT OF THE
PRESIDENT OF THE REPUBLIC. COMANDANTE ABREU, WHO ACCORDING TO
OUR INFORMATION IS THE THIRD MAN IN THE MINISTRY OF TRANSPORT,
EXPLAINED THAT CIDETI'S EXCLUSIVE FUNCTION IS CONCERNED WITH
INTERMODAL TRANSPORT. THE NEW GROUP WAS ESTABLISHED IN JULY
OF 1977, BUT HAS BECOME OPERATIONAL ONLY DURING THE LAST FEW
WEEKS. IT WOULD APPEAR, THEREFORE, THAT CIDETI RATHER THAN
SUNAMAM IS THE ORGANIZATION WHICH WILL DECIDE WHETHER OR NOT
SEA-LAND'S PLANS TO OPERATE IN BRAZIL WILL BE APPROVED.

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2. AT THE OUTSET, THE COMANDANTE WAS ADVISED THAT THE USG HAS
A GENUINE INTEREST IN SEA-LAND AND THAT, THEREFORE, IT IS HOPED
THAT THE COMPANY WILL BE AFFORDED EVERY OPPORTUNITY UNDER THE
LAW TO INITIATE ITS SERVICE IN BRAZIL AS SOON AS PRACTICABLE.
ABREU STATED EMPHATICALLY THAT UNDER BRAZILIAN LAW ONLY ISO
APPROVED CONTAINERS (I.E., THOSE OF TEN, TWENTY, THIRTY AND
FORTY FOOT) ARE PERMITTED TO OPERATE HERE AT THE PRESENT

TIME. HE SAID THAT SEA-LAND HAS AT LEAST TWO OPTIONS OPEN TO IT: 1) TO CONVINCE CIDETI THAT OPERATING THIRTY-FIVE FOOTERS IN BRAZIL WILL BE ADVANTAGEOUS TO THIS NATION, STRESSING "ADVANTAGEOUS TO BRAZIL, NOT TO SEA-LAND"; AND 2) TO MODIFY THE CONSTRUCTION OF ITS THIRTY-FIVE FOOT CONTAINERS SO THAT THEY WILL BE TRULY INTERMODAL WITH OTHER ISO APPROVED CONTAINERS. THE PRESIDENT OF CIDETI INDICATED THAT THE PROPOSED SEA-LAND OPERATION IS NOT PRESENTLY COMPATIBLE WITH THE INTERMODAL OPERATIONS OF BRAZIL. HE MENTIONED THAT WHILE THERE ARE NEARLY A MILLION AND A HALF ISO CONTAINERS OPERATING WORLDWIDE TODAY, THERE ARE ONLY SEVENTY THOUSAND THIRTY-FIVE FOOTERS.

3. ABREU SPECIFIED THAT ALTHOUGH THERE IS NO PROHIBITION AGAINST SEA-LAND OPERATING IN BRAZIL, THERE IS DEFINITELY A PROHIBITION, UNDER EXISTING LAW, AGAINST THE OPERATION OF THIRTY-FIVE FOOT CONTAINERS HERE. AND HE POINTED OUT THAT SEA-LAND'S ARGUMENT REGARDING RECIPROCITY IS NOT VALID SINCE NO BRAZILIAN INTERESTS OPERATE THIRTY-FIVE FOOTERS. HOWEVER, IN ORDER TO GIVE SEA-LAND AN OPPORTUNITY TO PRESENT ITS ARGUMENT, CIDETI HAS AGREED TO A PLENARY MEETING TO BE HELD ON FEBRUARY 17, AT WHICH TIME IT IS EXPECTED THAT SEA-LAND WILL PRESENT ITS CASE. THE COMANDANTE INDICATED THAT IF THE COMPANY IS ABLE TO CONVINCE THE MEMBERS OF CIDETI THAT ITS PLANNED OPERATIONS WILL BE IN THE BEST INTERESTS OF BRAZIL, THEN "WE WILL HAVE TO CHANGE THE LAW."
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4. COMANDANTE ABREU DISMISSED AS BEING WITHOUT FOUNDATION SEA-LAND'S ALLEGATION THAT IT WAS BEING DISCRIMINATED AGAINST. HE NOTED THAT THE PROHIBITION AGAINST THIRTY-FIVE FOOT CONTAINERS WAS ESTABLISHED IN 1959, WELL BEFORE SEA-LAND HAD ANY THOUGHT OF OPERATING IN BRAZIL. AND HE REITERATED THAT SEA-LAND WILL BE GIVEN AN OPPORTUNITY TO PROVE ITS POINT ON FEBRUARY 17, AND THAT IF IT IS SUCCESSFUL "WE WILL CHANGE THE LAW TO ACCOMMODATE THEM."
DEXTER

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